

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

01-09

2. STATE:

Texas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE  
September 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.40

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 220,622b. FFY 2003 \$ 220,622

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

See Attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

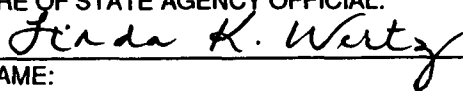
See Attachment

10. SUBJECT OF AMENDMENT: Amendment No. 604 - This amendment modifies the nursing facility  
reimbursement for Medicaid services delivered in State Veterans Homes.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:Sent to Governor's Office this date. Comments  
any, will be forwarded upon receipt.

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Linda K. Wertz

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

August 10, 2001

16. RETURN TO:

Linda K. Wertz  
State Medicaid Director  
Health and Human Services Commission  
Post Office Box 13247  
Austin, Texas 78711**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

14 AUGUST, 2001

18. DATE APPROVED:

24 OCTOBER, 2001

19. EFFECTIVE DATE OF APPROVAL:

1 SEPTEMBER, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

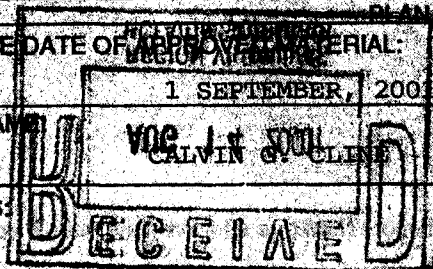


21. TYPED NAME:

CALVIN G. CLINE

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR  
DIV OF MEDICAID AND STATE OPERATIONS

23. REMARKS:





**DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services**

**Calvin G. Cline**

**Associate Regional Administrator, Medicaid and State Operations**

1301 Young Street, Room 827  
Dallas, Texas 75202  
Phone (214) 767-6301  
Fax (214) 767-0270

October 24, 2001

Our reference: SPA-TX-01-09

Ms. Linda K. Wertz, State Medicaid Director  
Texas Health and Human Services Commission  
Post Office Box 13247  
Austin, TX 78711

Dear Ms. Wertz:

We have reviewed the proposed amendment to your Medicaid State plan submitted under transmittal no. (TN) 01-09, including the revisions submitted on September 4, 2001. Effective September 1, 2001, this amendment establishes a separate payment rate for veteran nursing facilities. Veteran nursing facilities will be paid reasonable costs. An interim facility specific per diem will be paid subject to final cost settlement.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13)(A) and 1902(a)(30) of the Social Security Act and the implementing federal regulations at 42 CFR 447 Subpart C. We have approved the amendment for incorporation into the official Texas State plan effective on September 1, 2001. We have enclosed a copy of HCFA-179, transmittal no. 01-09, dated October 24, 2001, and the amended plan pages.

If you have any questions, please call Billy Bob Farrell at (214) 767-6449.

Sincerely,

Calvin G. Cline  
Associate Regional Administrator  
Division of Medicaid and State Operations

Enclosures

cc: Elliot Weisman, CMSO, PCPG  
Commerce Clearing House

Attachment to HCFA-179 for  
Transmittal No. 01-09, Amendment 604  
(corrected)

Number of the  
Plan Section or Attachment

Attachment 4.19-D

Page 8  
Page 8a  
Page 8b

Number of the Superseded  
Plan Section or Attachment

Attachment 4.19-D

New  
New  
New

VIII. Reimbursement Rates for State Veterans Homes

(a) The following definitions apply to this section:

(1) "State veterans home" means a nursing facility as defined in Title 40, Texas Administrative Code (T.A.C.) §176.1 (relating to Veterans Homes Definitions) that is contracted with the Texas Department of Human Services (DHS) to provide nursing facility services to eligible Medicaid recipients who reside in a state veterans home.

(2) "Management Agreement" means the "Management and Operations Agreement" between the Veterans Land Board (VLB) of the State of Texas and the operator of a state veterans home in effect during the rate period.

(3) "Transportation Agreement" means the "Transportation Agreement" between the VLB and the operator of the facility in effect during the rate period. Not all operators may have a Transportation Agreement.

(4) "Deposits to the operating reserve" means the monthly deposits by the VLB to the facility's operating reserve as required by the trust indenture(s) related to State of Texas Veterans Home Revenue Bonds.

(5) "Debt service on revenue bonds" means the principal and interest payments on Veterans Home Revenue Bonds issued for the purpose of acquisition, construction, operation and maintenance of a state veterans home or homes.

(6) "Rate period" means the state fiscal year.

(7) "VLB" means the Veterans Land Board, the state administrative agency to establish and operate state veterans homes.

(8) "DHS" means the Texas Department of Human Services, the state administrative agency authorized to contract for nursing facility services to Medicaid recipients.

(9) "HHSC" means the Health and Human Services Commission, the state administrative agency authorized to adopt standards and rules to govern reimbursement rates and methodologies for Medicaid nursing facility services.

(10) "VLB administrative expenses" means VLB expenses related to oversight of the state veterans home program.

(b) DHS will reimburse the VLB for nursing facility services provided by the VLB to Medicaid clients in state veterans homes.

SUPERSEDES: NONE . NEW PAGE

STATE	Texas
DATE REC'D	08-14-01
DATE APP'D	10-24-01
DATE EFF	09-01-01
HCFA 179	TX 01-09

A

(c) HHSC determines reimbursement rates for state veterans homes to provide nursing facility services.

(d) Reimbursement rates for state veterans homes are prospectively determined for each home based on the lower of an estimate of per diem costs for the rate period as calculated in subsection (e) of this section or the state veterans home semi-private room basic daily rate in effect on the first day of the rate period. Rates are retrospectively reconciled based upon actual costs in accordance with subsection (k) of this section.

(e) For each home, estimated per diem costs are calculated as follows:

(1) For the rate period, sum the following:

(A) The Monthly Fixed Fee Component of the Management and Operation Fee as described in the Management Agreement for each month in the rate period.

(B) The Variable Fee Component of the Management and Operation Fee per patient day in effect during the rate period times estimated patient days during the rate period.

(C) Vehicle payments, if any, as defined in the Transportation Agreement.

(D) Deposits to the operating reserve.

(E) Debt service on the revenue bonds; and

(F) VLB administrative expenses.

(2) Divide the sum from paragraph (1) of this subsection by the estimated patient days for the rate period to determine the estimated per diem cost. Estimated patient days for the rate period are determined based upon the most recently available, reliable utilization data for the facility.

(f) The facility-specific payment rate from subsection (d) of this section will be paid for all Medicaid eligible residents of a state veterans home regardless of the Texas Index for Level of Effort (TILE) level of the resident.

SUPERSEDES: NONE - NEW PAGE

STATE <u>Texas</u>	A
DATE REC'D <u>08-14-01</u>	
DATE APP'D <u>10-24-01</u>	
DATE EFF <u>09-01-01</u>	
HCFA 179 <u>TX 01-09</u>	

(g) Veterans Administration (VA) per diem payments to the VLB for nursing home care as defined in 38 Code of Federal Regulations (CFR) §51.40 (relating to monthly payment) are considered Third-Party Resources (TPRs). These payments will be offset against per diem payment rates for Medicaid eligible residents of a state veterans home.

(h) Residents of the state veterans home will not be eligible to receive the supplemental reimbursements for ventilator-dependent residents and for children with tracheostomies (as described in (IV)(B)(5) and (IV)(g) above).

(i) State veterans homes are not eligible to participate in the Enhanced Direct Care Staff Rate or the Performance-based Add-on Payment Program (as described in (VI) and (VII) above).

(j) The VLB will submit financial and statistical information in a format designated by HHSC. This information may be reviewed or audited in accordance with (II)(C) above. Financial and statistical information submitted by the VLB will not be included in the cost report databases used in the reimbursement determination process for the Texas Medicaid NF program.

(k) For each state veterans home, the prospective per diem rate will be retrospectively adjusted based upon actual costs accrued during the rate period, with capital equipment and capital improvement costs accrued by the VLB for the facility substituted for deposits to the operating reserve in the cost calculation, and actual patient days provided substituted for estimated patient days.

STATE	<u>Texas</u>	A
DATE REC'D	<u>08-14-01</u>	
DATE APPV'D	<u>10-24-01</u>	
DATE EFF	<u>09-01-01</u>	
HCFA 179	<u>TX 01-09</u>	

SUPERSEDES NONE - NEW PAGE